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THE ENVIRONMENT FUND AND ADMINISTRATIVE AND OTHER BUDGETARY MATTERS

Management of Trust Funds

Report of the Executive Director

Summary

There were 57 trust funds in operation during 1996, six of which - three technical cooperation trust funds and three general trust funds - were established after the eighteenth session of the Governing Council. Twenty of these funds were general trust funds, 20 were general technical cooperation trust funds, 16 were technical cooperation trust funds and one was a general trust fund for which UNEP plays the role of Treasurer only. The present report brings to the attention of the Governing Council the necessary details on the newly established trust funds and the trust funds on which the Governing Council is being requested to take action. The financial status of the trust funds will be presented to the Governing Council in a separate document, together with information on the Environment Fund and other sources of funding.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Note and approve the establishment of the following trust funds since the eighteenth session of the Governing Council:

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(a) The General Trust Fund in Support of the Work of the Government Designated Group of Experts on Chemical Risk Reduction, which was established in 1996 to contribute towards UNEP activities and projects consistent with Governing Council decision 18/12, in support of the work of the Government-designated Group of Experts on Further Measures to Reduce the Risks from a Limited Number of Hazardous Chemicals. The Trust Fund's initial expiry date is 31 December 1997;

(b) The General Trust Fund in Support of the Preparation and Negotiation of an International Legally Binding Instrument for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade, which was established in 1995. The Trust Fund's initial expiry date is 31 December 1997;

(c) The General Trust Fund for the African Ministerial Conference on the Environment (AMCEN), which was established in 1996 to support the programmes and activities of the African Ministerial Conference of the Environment. The Trust Fund's initial expiry date is 31 December 1998;

(d) The Technical Cooperation Trust Fund for the Organization of a Technology Transfer Workshop on the Implementation of the Montreal protocol for French Speaking African Countries (financed by the Government of France), which was established in 1996. The Trust Fund's expiry date is 31 December 1996;

(e) The Technical Cooperation Trust Fund in Support of the Network for Environmental Training at Tertiary Level in Asia and the Pacific (NETTLAP) (financed by the Government of Denmark). The Trust Fund's initial expiry date is 31 December 1998;

(f) The Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Australia), which was established in 1995. The Trust Fund does not have a fixed expiry date, as is the case with other Junior Professional Officer (JPO) trust funds;

2. Note and approve the extension of the following trust funds by the Executive Director:

Name of trust fund	Establishment date	Proposed expiry date
Trust Fund for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	1993	31 December 2002
Trust Fund to Assist Developing Countries and Other Countries in Need of Technical Assistance in the Implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	1993	31 December 2002
General Trust Fund for the Convention on Biological Diversity	1994	31 December 1997

Name of trust fund	Establishment date	Proposed expiry date
General Trust Fund in Support of the Work of the Government-designated Group of Experts on Chemical Risk Reduction	1996	31 December 1997
General Trust Fund in Support of the Preparation and Negotiation of an International Legally Binding Instrument for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade	1995	31 December 1997
Technical Cooperation Trust Fund to Support National Land Degradation Assessment and Mapping in Kenya (financed by the Government of the Netherlands)	1993	31 December 1996

3. Approve the extension of the following trust funds by the Executive Director, subject to UNEP receiving requests to do so from the relevant Governments or contracting parties:

Name of trust fund	Establishment date	Proposed expiry date
General Trust Fund for the African Ministerial Conference on the Environment (AMCEN)	1996	31 December 2000
General Trust Fund for the Convention on Biological Diversity	1994	31 December 2000
Regional Trust Fund for the Implementation of the Action Plan for the Caribbean Environment Programme	1981	31 December 2000
Regional Seas Trust Fund for the Eastern Africa Region	1986	31 December 1999
Regional Trust Fund for the Implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of East Asian Seas	1981	31 December 1999
Trust Fund for the Environmental Training Network in Latin America and the Caribbean	1989	31 December 1999
Regional Trust Fund for Protection and Development of Marine Environment and Coastal Areas of Bahrain, the Islamic Republic of Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates	1978	31 December 1999

Trust Fund for the Protection of the Mediterranean Sea against Pollution	1979	31 December 1999
Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer	1990	31 December 2000
Trust Fund for the Convention on Conservation of Migratory Species of Wild Animals	1986	31 December 2000
General Trust Fund for the Protection, Management and Development of the Coastal and Marine Environment and the Resources of the Northwest Pacific Region	1995	31 December 1999
Trust Fund for the Vienna Convention for the Protection of the Ozone Layer	1989	31 December 2000
Trust Fund for the Protection and Development of the Marine Environment and Coastal Areas of the West and Central African Region	1981	31 December 1999
Technical Cooperation Trust Fund to Provide Consultancies to Developing Countries (financed by the Government of Finland)	1986	31 December 1997
Technical Cooperation Trust Fund to Strengthen the Institutional and Regulatory Capacity of Developing Countries in Africa (financed by the Government of the Netherlands)	1993	31 December 1999
Technical Cooperation Trust Fund for Activities in Developing Countries on Environmental Awareness and Machinery (financed by the Government of Germany)	1988	31 December 1999
Technical Cooperation Trust Fund for UNEP's Implementation of the Activities Funded by the Global Environment Facility	1991	31 December 1999
Technical Cooperation Trust Fund to Assist the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer in Developing Countries (financed by the Government of Sweden)	1990	31 December 1999
INFOTERRA Technical Cooperation Trust Fund (financed by the Government of the United States)	1990	31 December 1999
Technical Cooperation Trust Fund to Support Activities on Environmental Issues (financed by the Government of Japan)	1994	Not fixed

Technical Cooperation Trust Fund to Develop and Coordinate the Implementation of the Plan for the Survey, Assessment and Dealing with the Consequences of Environmental Damage caused by Conflict between Kuwait and Iraq	1991	31 December 1999
Technical Cooperation Trust Fund to Assist Developing Countries to Take Action for the Protection of the Ozone Layer under the Vienna Convention and the Montreal Protocol (financed by the Government of Finland)	1990	31 December 1999

4. To note and approve the closure of the following trust funds by the Executive Director:

Name of trust fund	Establishment date	Expiry date
Technical Cooperation Trust Fund to strengthen the capacities of Developing Countries in the Management of Chemicals (financed by the Government of Switzerland)	1993	31 December 1995
Technical Cooperation Trust Fund to Support National Land Degradation Assessment and Mapping in Kenya (financed by the Government of the Netherlands)	1993	31 December 1996

I. TRUST FUND CONTRIBUTIONS

1. In the biennium 1994-1995, UNEP received cash contributions to trust funds (excluding the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer) totalling $84.10 million, as compared to $59.7 million in the biennium 1992-1993. However, the contributions received in 1995 - $37.01 million - were approximately $10 million less than those received in 1994, because of the significant reduction in contributions to technical cooperation trust funds (excluding personnel trust funds), which fell from a record level of $23.79 million in 1994 to $5.49 million in 1995. Contributions to general trust funds continued to rise, mainly due to the establishment of the Trust Fund for the Convention for Biological Diversity and increases in the contribution levels of other trust funds financing the activities of various convention secretariats administered by UNEP.

2. Despite this, the general trust funds financing the activities of secretariats still quite often experience resource shortfalls, particularly at the beginning of the year. These shortfalls have necessitated advances from the Environment Fund to allow for undisrupted implementation of approved activities. Because of the increasingly low level of resources available in the Environment Fund, convention secretariats will not be able to depend on advances in future. The Governing Council may wish to remind the Parties contributing to these general trust funds to abide strictly to their terms of reference, which require resources to be available before any commitments can be made.

II. COUNTERPART CONTRIBUTIONS

3. As the number of trust funds has grown, UNEP has also witnessed an increase in counterpart contributions. In 1994-1995, UNEP received counterpart contributions in convertible currencies totalling $14.22 million compared with $14.12 million received in 1992-93 and $11.82 million received in 1990-1991. Counterpart contributions have been accepted as earmarked funds for specific activities both for Environment Fund Programme projects as well as for convention secretariats and other trust fund activities. In fact, in recent years, the bulk of counterpart contributions have been in support of convention secretariat activities. In the 1994-95 biennium, of the total counterpart contribution expenditure of $11.78 million, $8.92 million, or 76 per cent, was in support of convention activities and only $2.58 million, or 22 per cent, in support of Environment Fund projects. However, acceptance of counterpart contributions under trust fund rules has recently been questioned. The implications of this situation are dealt with in the report on the cost of administering trust funds, prepared in response to Governing Council decision 18/44, which will be before the Governing Council at its nineteenth session. A typical use of a counterpart contribution is to provide funds for a specific seminar or to finance developing country participation in environmental meetings. Counterpart contributions have also been channelled towards funding the activities of interim secretariats for conventions before the actual secretariat is established and respective trust funds set up.

4. Detailed financial information on counterpart contributions will be before the Council in a separate document, together with information on the Environment Fund and other sources of funding. It is foreseen that during the biennium 1996-1997 conventions will continue to receive substantial support in contributions earmarked for specific activities. It is also foreseen that earmarked counterpart contributions in support of specific Environment Fund programme activities will continue to grow, possibly at the expense of general contributions to the Environment Fund.

III. TRUST FUND PROGRAMME SUPPORT

5. UNEP deducts from the income of the trust funds it administers an administrative support charge to meet the costs of providing services relating to accounting, personnel, reporting, etc. The level of this support charge is that approved by the General Assembly in section V of its resolution 35/217 of 17 December 1980. These charges are credited to a special account established for programme support costs. They are reported in the Organization's financial statements and are subject to audit by the Internal Audit Division and by the United Nations Board of External Auditors. In the biennium 1994-1995, income to the special account for trust fund support costs was $7.39 million, while expenditure for the same period totalled $7.09 million. The financial details of the trust funds programme support are contained in the document referred to in paragraph 4 above.